

CALIFORNIA ENERGY COMMISSION

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Sacramento, California 95814

WEBSITES

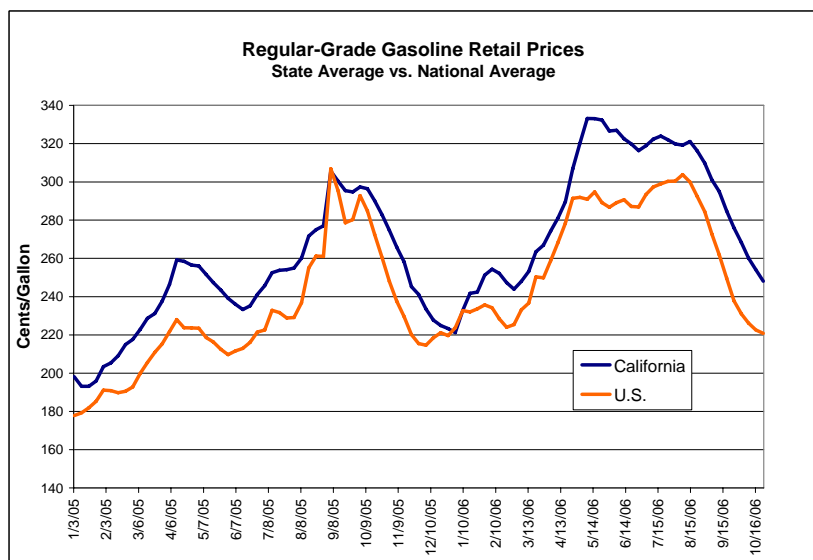
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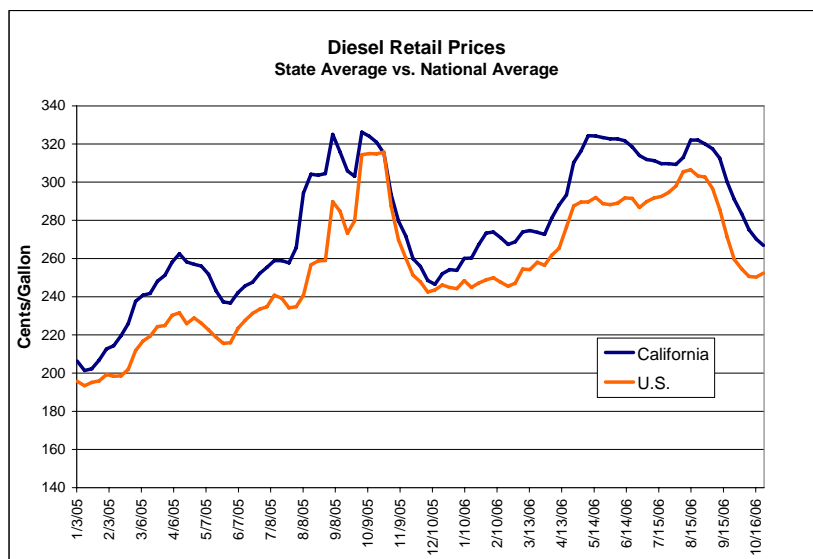
Consumer Information: www.ConsumerEnergyCenter.org

**Petroleum Watch****October 27, 2006*****Retail Gasoline and Diesel Prices on October 23***

- For the tenth consecutive week, California gasoline prices have fallen. The average statewide **retail price for regular-grade gasoline** dropped 6 cents to \$2.48 per gallon, 85 cents less than the record high of \$3.33 on May 8.ⁱ
- The difference between California and U.S. retail gasoline prices declined 4 cents to 27 cents per gallon. U.S. prices fell to a 2006 low of \$2.21 per gallon, 2 cents less than last week and an uninterrupted decline of 83 cents since August 7.



- The average California **retail diesel price** fell by 3 cents from the previous week to \$2.67 per gallon. At the same time, the U.S. retail diesel price rose 2 cents per gallon, reducing the difference between California and U.S. prices to 15 cents per gallon.

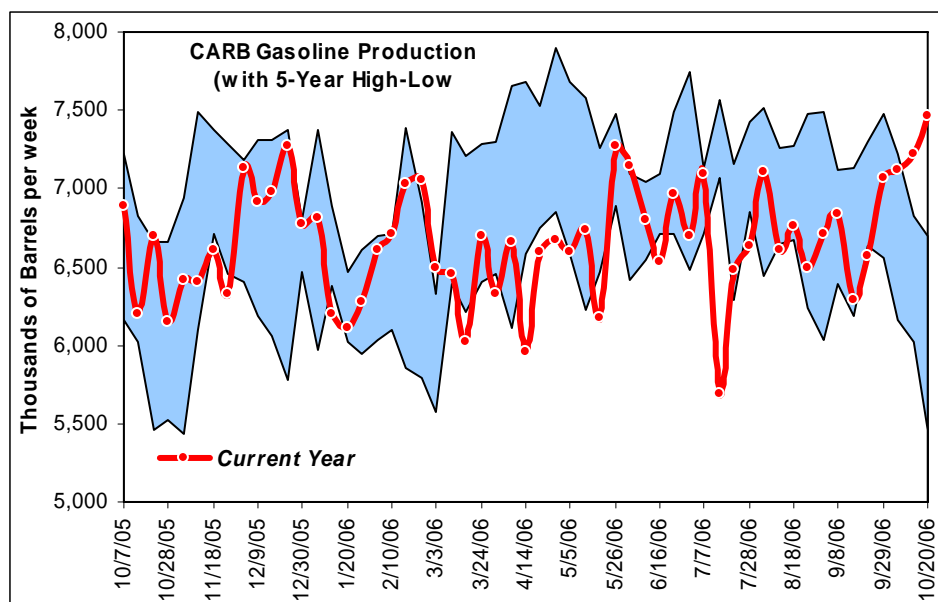


Wholesale Gasoline and Diesel Prices on October 24

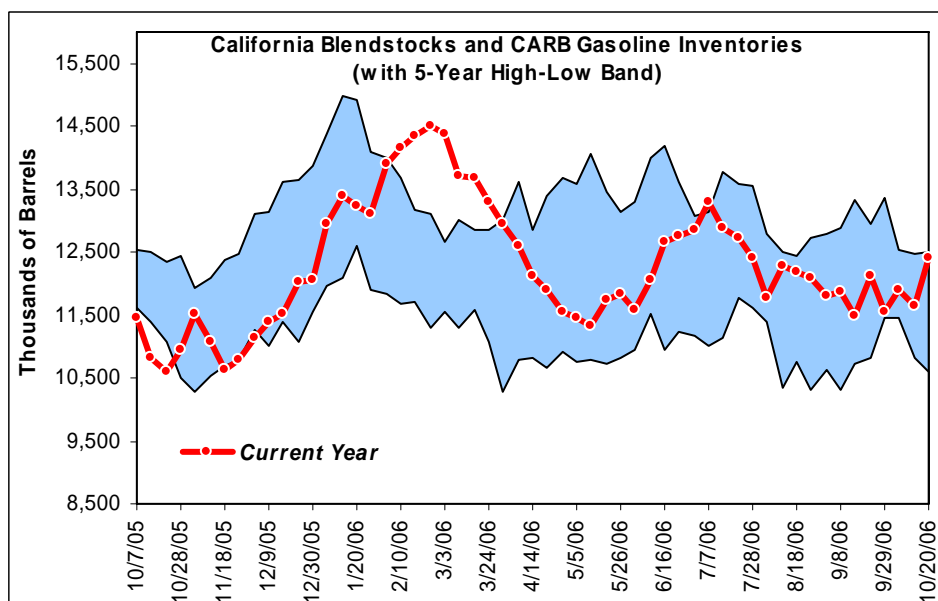
- California spot **wholesale gasoline prices** for regular-grade reformulated blendstock for oxygenate blending (RBOB) decreased 10 cents over the last week to \$1.59 per gallon. Prices are now \$1.38 lower than the record high of \$2.97 on May 2 and only 3 cents more than the 2006 low of \$1.56 on February 14.
- Relatively low oil prices and high California gasoline production levels kept California wholesale gasoline prices on a decline this week.
- Spot prices for RBOB in Los Angeles are 7 cents higher than New York Harbor and 8 cents more than the Gulf Coast.
- California spot **wholesale ultra low-sulfur diesel prices** remained at \$1.77 per gallon this week, 3 cents more than the 2006 low of \$1.74 on February 15, and 91 cents lower than the record high of \$2.68 on May 3.
- California wholesale ultra low-sulfur diesel prices are a penny more than New York Harbor and 7 cents more than the Gulf Coast, compared to 3.5 cents less and 7 cents higher, respectively, on October 17.
- California gasoline ended the reporting week at 17 cents less than California diesel, compared to 8 cents less on October 17.
- The Energy Information Administration (EIA) weekly assessment for October 20 reports that **U.S. gasoline demand** increased 2.3 percent from the previous week, while distillate demand decreased 5.4 percent. The four-week average demand for gasoline is 9.28 million barrels per day, 4.4 percent more than last year's four-week average. The four-week average for U.S. distillate demand is 4.34 million barrels per day, 7.5 percent more than last year. However, last year's U.S. fuel demand levels were unusually low because of the impacts of Hurricane Katrina.

Refinery Production and Inventories

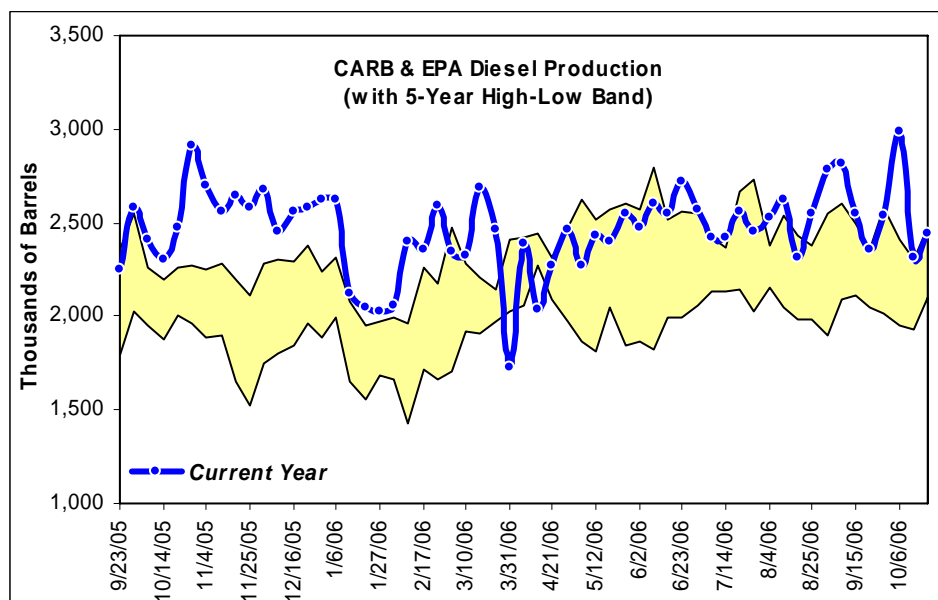
- **Reformulated gasoline production** in California for the week ending October 20 increased 3.4 percent from the previous week to 7.47 million barrels. Production levels rose further above the top of the five-year range.ⁱⁱ



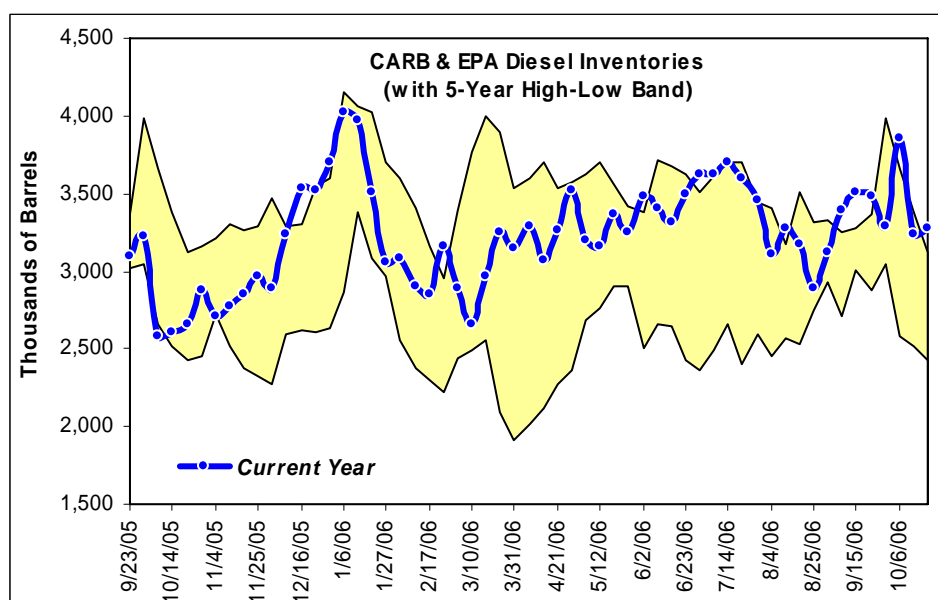
- California reformulated gasoline inventories increased by 11.7 percent, and gasoline blendstock inventories rose by 2.4 percent during the last week. As a result, **combined inventories** of reformulated gasoline and gasoline blendstocks in the state **increased by 6.4 percent** to 12.41 million barrels, rising to the top of the five-year range.



- U.S. gasoline inventories decreased 2.8 million barrels to 207.4 million barrels as of October 20. Although inventories increased in the Gulf Coast and West Coast, all other U.S. regions experienced a decline.
- California **ultra low-sulfur diesel production** during the week ending October 20, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, increased by 5.4 percent from the previous week to 2.44 million barrels. Output is only 1 percent less than year-ago levels and remains at the top of the five-year range.

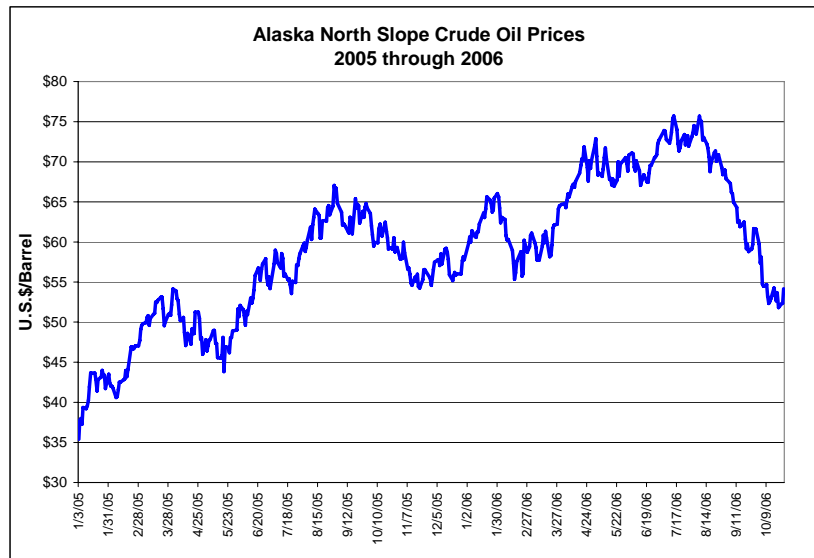


- Combined **ultra low-sulfur diesel inventories** in California rose above the top of the five-year range and increased by 1.1 percent from the previous week to 3.27 million barrels. Total U.S. distillate inventories as of October 20 decreased to 143.9 million barrels, 1.4 million barrels less than the previous week. Distillate inventories increased in the Gulf Coast but declined in all other regions of the United States.



Crude Oil Prices and Inventories

- West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, rose over the past week with the cold-weather season approaching and OPEC's October 19 decision to cut oil production by 1.2 million barrels per day. There is some skepticism that OPEC will be able to fully enforce the cut, but the decision seems to be halting the recent sharp decline in oil prices. These factors, combined with a surprising drop in U.S. crude oil inventories, caused ANS prices to rise to \$54.15 per barrel on October 25.ⁱⁱⁱ



- U.S. commercial crude oil inventories as of October 20 decreased by 3.2 million barrels to 332.3 million barrels. Yet, stocks are 20.4 million barrels higher than last year and 35.6 million higher than the five-year average. California crude oil stocks increased, up 4.5 percent from the previous week to 17.3 million barrels.

ⁱ Spot wholesale and retail gasoline and diesel prices and U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.

ⁱⁱ California refinery production and inventory information are from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

ⁱⁱⁱ ANS crude oil prices are from *The Wall Street Journal*.